

Venezuela: Rising Waters

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A year after Christopher Columbus discovered Venezuela in 1498, Alonso de Ojeda found Lake Maracaibo.

He was intrigued to find houses built on stilts in the lake, prompting him to call the area "little Venice" or Venezuela. In 2002, I wrote in a newsletter that President Chávez appeared to have tempered his Bolivarian revolutionary reform programme in a move perhaps towards the use of more intellectual solutions, using think-tanks instead of army tanks, but that it was still unclear whether the country could keep its head, like the houses by the lake, above water. The picture remains unclear, but what is certain is that the water is rising.

There is an increasing awareness in Latin America of a clash between liberal democracy and populism and there is no greater proponent of the latter than Hugo Chávez. His closest ally is Fidel Castro and he has proudly declared himself a Fidelista, a follower of Fidel Castro. The US is alarmed by such developments after having spent decades trying to ensure that South America would not have another Cuba. Bolstered by his success in a recall referendum in 2004 and high oil prices, Hugo Chávez has attempted to spread his "Bolivarian Revolution", named after the president's hero, Simón Bolívar, throughout the region. General Bolívar defeated the Spanish army in a protracted war between 1810 and 1821 and became known as El Libertador (the liberator) who created Greater Colombia which, at one time, comprised Venezuela, Colombia, Ecuador, Bolivia, Panama and Peru. The General's military skills were far greater than his political abilities, however, and although he dominated Venezuelan affairs until 1820, he was replaced by an illiterate but cunning rebel general, José Antonio Páez.

Hugo Chávez has appealed to the masses with his economic vision. However, he has not concentrated on the slow but steady strengthening of institutions that

creates the conditions that lead to permanent growth in investment. Charles de Gaulle once observed that "in order to become the master, the politician poses as the servant". Many observers are in no doubt that the remark applies to the Venezuelan president who presides over a political system that concentrates power but which has no checks and balances in place. Today, Hugo Chávez exercises personal control over Venezuela's main institutions, including the armed forces, state radio and television, as well as the state oil monopoly. His own political party, The Fifth Republic Movement, plays a secondary role and the backbone of his support comes from the armed forces; a high number of serving and retired officers hold key positions in his administration.

Venezuela is concentrating on trade and investment deals with several countries including Iran, Russia and China while relations with Washington are becoming more distant. The US receives approximately 60% of Venezuela's crude oil exports at present but Venezuela now has an accord with China. The accord allows China to purchase 120,000 barrels of fuel oil per month and permits Chinese companies to help pump oil out of 15 Venezuelan oil fields. Once the Chinese have the refineries capable of processing Venezuela's heavy crude oil, how much of the supply currently sent north will be diverted to China?

This backdrop has made Washington look askance at all the other left-wing governments in Latin America, namely, Argentina, Brazil, Chile and Uruguay. They, too, in varying degrees, have embraced business with China, a country which has encroached on Washington's historical sphere of influence. One political observer believes that November 2004 will be viewed by future historians as the seminal moment when China's economic power changed the global political balance. That was the month that Hu Jintao, the president of China,

toured Latin America on a commodities shopping spree and, at the same time, made alliances with governments that are not particularly comfortable with President Bush.

It would be a mistake, however, to look at South America's other left-wing governments and see the face of Hugo Chávez because there is a distinction to be made. The government, headed by Hugo Chávez, has more of the characteristics of the military regimes that leftist governments south of Caracas vigorously opposed in their fight for democracy. Their source of inspiration is more likely to have been Adam Smith's doctrine of free enterprise rather than the revolutionary convictions of the late and legendary Che Guevara, the Argentinean-born doctor who was also a staunch ally of Fidel Castro. Not unlike Hugo Chávez, Che Guevara dreamt of social revolution and proceeded to launch one in Bolivia, only to be injured in a gun battle and afterwards executed by Bolivian troops backed by America's Central Intelligence Agency. There is some concern that the Venezuelan president is also encouraging Bolivians to take a revolutionary path as rumours circulate that he is financing left-wing opposition in that country.

Oil has buoyed the Venezuelan president's belligerence towards Washington. Crude oil has produced crude politics but things change and the present Venezuelan situation should not be allowed to affect the long-term strategy for future regional relationships. The Chinese take the long view and their president's November 2002 trip to Latin America was part of that philosophy. No wonder Zhou Enlai, China's prime minister from 1949 to 1976, when asked about the effect of the French Revolution on world history is reported to have answered: "It's too early to tell". That is certainly the case with the Bolivarian Revolution.

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